

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

COME-00 EPG-02 DODE-00 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /096 W

-----191333Z 080402 /44

R 190615Z MAY 77

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 2289

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

C O N F I D E N T I A L BANGKOK 10842

E.O. 11652: GDS

TAGS: ENRG, TH

SUBJ: STATUS OF NATURAL GAS PRICE NEGOTIATIONS

REF: BANGKOK 9809

1. UNION OIL V-P WILLIAM GREEN WALT TOLD EMBOFF MAY 19 THAT UNION REPS WILL RESUME PRICE TALKS WITH RTG NEGOTIATIONS FIRST WEEK IN JUNE. GREENWALT AGAIN APPEARED DOUBTFUL THAT UNION AND RTG CAN REACH SATISFACTORY COMPROMISE ON PRICE, BUT ADMITTED HE STILL DOES NOT KNOW BASIS ON WHICH RTG BASED ITS PROPOSED PRICE (SEE PARA 4 REFTTEL) BECAUSE, HE SAID, RTG OFFICIALS REJECTED HIS REQUEST FOR LOOK AT REPORT PREPARED BY BRITISH PRICE CONSULTANTS.

2. IN SEPARATE CONVERSATION ON SUBJECT, DR. SNOH, GOVERNOR OF BANK OF THAILAND, MADE CLEAR TO ECONOMIC COUNSELOR HIS BELIEF THAT UNION IS TRYING TO "HOLD UP" RTG ON GAS PRICE, BUT OPINED THAT UNION AND RTG WILL REACH SATISFACTORY COMPROMISE. SIMILARLY, DIRECTOR OF DEPARTMENT OF MINERAL RESOURCES TOLD EMBOFF THAT PRICE PROPOSED BY
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RTG IS "NEGOTIATING FIGURE"; HE STATED THAT FINAL PRICE WILL BE SOMEWHERE BETWEEN THAT SOUGHT BY UNION AND FIGURE PROPOSED BY RTG.

3. GREENWALT AND OTHER UNION OIL REPS ARE CONVINCED THAT WORLD BANK HAS PLAYED "UNHELPFUL ROLE" IN PRICE TALKS (SEE ALSO BANGKOK 75 - 32235) AND LOCAL WORLD BANGK REP

IN FACT IMPLIED TO ECON COUNSELOR THAT BANGK COUNSELLED RTG TO ADOPT LOW PRICE PROPOSAL STRATEGY. GREENWALT TOLD EMBOFF HE HADDISCUSSED PROBLEM WITH WORLD BANK REP MAY 14, BUT RECEIVED ONLY VAGUE ASSURANCES THAT "EVERYTHING WILL COME RIGHT IN THE END." GREENWALT REMAINS UNCONVINCED.

4. IN A RELATED DEVELOPMENT, TEXAS-PACIFIC V-P (RICHTER) INFORMED EMBOFF THIS WEEK THAT PROSPECTS ARE UNUSUALLY GOOD FOR T-P WELL BEING DRILLED IN BLOCK 15 IN GULF. HE SAID DRILLERS HAVE STRUCK GAS POCKETS AT SEVERAL INTERMEDIATE LEVELS AND FEEL CONFIDENT MAJOR RESERVOIR WILL BE TAPPED WHEN DRILLING IS COMPLETED AT END OF MONTH. IF IT PROVESOUT, THIS DISCOVERY WOULD, ACCORDING RICHTER, CONFIRM SIZE OF RESERVOIR TAPPED LAST OCTOBER BY T-P IN WELL THREE MILES DISTANT FROM CURRENT OPERATION (BANGKOK 75- 29991).

5:. COMMENT: THERE ARE A NUMBER OF VITAL UNKNOWNNS IN PRICE EQUATION, SUCH AS (1) BASIS FOR RTG'S PROPOSED PRICE, (2) WHETHER GREENWALT IS BEING FULLY FORTHRIGHT WITH US, (3) ROLE BEING PLAYED BY, AND MOTIVES OF, BRITISH PRICE CONSULTANTS AND WORLD BANK ETC. THUS, AT THIS POINT OUR MAIN OBJECTIVE IS TO KEEP THE NEGOTIATING ATMOSPHERE AMICABLE WHILE STRESSING TO RTG OUR VIEW THAT U.S. FIRMS MUST BE GRANTED REASONABLE RETURN ON INVESTMENT IF RTG WISHES THEM TO PROCEED WITH EXPLORATION AND DEVELOPMENT PLANS IN OFF-SHORE AREAS. WE DO NOT DETECHT ANY DESIRE ON PART OF RTG, AS GREENWALT INSISTS HE DOES, TO SQUEEZE OUT OR TAKE UNFAIR ADVANTAGE OF U.S. FIRMS.
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WHITEHOUSE

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Message Attributes

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Control Number: n/a
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Sent Date: 19-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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TAGS: ENRG, TH, UNION OIL, (GREENWALT, WILLIAM)
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